

MINUTE ITEM

3. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 186.1, HUMBLE OIL & REFINING COMPANY, SEAL BEACH, ORANGE COUNTY - W.O. 4180.

After consideration of Calendar Item 11 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO HUMBLE OIL & REFINING COMPANY, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 186.1 TO MAY 22, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 11 (2 pages)

CALENDAR ITEM

11.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, P.R.C. 186.1, HUMBLE OIL & REFINING COMPANY, SEAL BEACH, ORANGE COUNTY - W.O. 4180.

Oil and Gas Lease P.R.C. 186.1, covering approximately 1255 acres of tide and submerged lands, was issued September 24, 1955, to Marine Exploration Company and subsequently assigned to Monterey Oil Company and Texaco Inc. Later, Monterey Oil Company assigned its interest to Humble Oil & Refining Company. The lease is now held by Humble Oil & Refining Company and Texaco Inc., with Humble Oil & Refining Company designated as the operator.

A total of 62 wells have been drilled into the leased land: 2 from onshore drillsites and 60 from the offshore 75-foot-diameter island drillsite. The current production from 48 wells is approximately 43,000 barrels of oil and 5400 Mcf of gas per day. In addition, a pilot water-injection well has been drilled and is being operated currently. The lessee has conducted drilling operations with diligence and has completed wells at a rate in excess of the lease requirements. Based on the operator's estimate of the productive area, one well for the production of oil has been drilled into each 10 acres of area of the commercially productive part of each zone.

Section 7 of Exhibit "A" states in part: ". . . operations for the drilling of each succeeding well thereafter shall be commenced within 30 days from and after the date of the completion or cessation of drilling of the preceding well, so that there shall be drilled to each commercially productive oil/gas zone, if it is mechanically practicable to do so by slant drilling, at least one well for the production of oil for each 10 acres of the area contained in the demised premises; . . ."

An application has been received from Humble Oil & Refining Company for a two-year deferment of drilling requirements under the lease. The deferment is requested in order to evaluate the possibility of extending the productive limits to determine whether the drilling of more wells into the leased area would be economically feasible. The operator proposes to make thorough studies of the geologic and production data already available, and to obtain additional production history from the various wells.

Additionally, the operator plans to investigate the feasibility of drilling a vertical well on a flank of the structure which cannot be reached by slant drilling from the island drillsite to determine the possibility of production down dip from the present productive structure. The operator has advised that there are not now on the West Coast any drilling barges or vessels capable of drilling to the desired depth whose draft is sufficiently shallow to permit their operation in the waters over the flank of the structure. Shallow-draft drilling equipment capable of drilling to such depths may become available here in another two years.

Current Commission practice has been to grant deferments of drilling requirements for periods not in excess of 6 months.

CALENDAR ITEM 11. (CONTD.)

THEREFORE, IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO HUMBLE OIL & REFINING COMPANY, OPERATOR, A DEFERMENT OF DRILLING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 186.1 TO MAY 22, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.